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William S. Livingston

Political
and
Economic life
in the
Netherlands

1951

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*Political
and
economic life
in the
Netherlands*

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NETHERLANDS GOVERNMENT INFORMATION SERVICE
THE HAGUE

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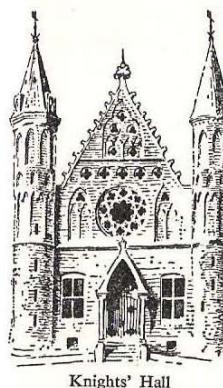
J. B. Wolters, Uitgeversmaatschappij N.V., Groningen.

*"Great possibilities are at our right and left hand, and especially
in front of us"*

H. M. QUEEN JULIANA

I. OUR POLITICAL LIFE

1. GOVERNMENT



Knights' Hall

THE Netherlands forms a constitutional monarchy on a parliamentary basis, royalty being vested in the House of Orange Nassau. The legislative powers are exercised by Crown and Parliament. This Parliament, called the "States General", consists of two Houses. The First Chamber — or Senate — consists of fifty members, the Second Chamber of one hundred members. The members of the First Chamber are elected by the Provincial States; those of the Second Chamber directly by the people on a basis of proportional representation. From

this it is obvious that constituencies, each returning its own representative to the Second Chamber, do not exist; each party is allocated a number of seats in proportion to its percentage of the votes recorded throughout the country. The election of the First Chamber is also carried out on a basis of proportional representation by the Provincial States. Consequently its composition corresponds to that of one half of the Second Chamber. The Second Chamber, contrary to the First Chamber, has the right of moving amendments and of introducing Bills. Both Chambers have the right of inquiry and interpellation.

All Dutch subjects have the franchise who have reached the age of 23 years and are resident within the Realm in Europe; in so far as they have not lost this right on the ground of a judicial sentence or on account of collaboration with the enemy during World War II.

All Netherlanders who have reached the age of thirty may be elected as members of the States General.

The executive power lies exclusively in the hands of the Queen and Her Ministers, who together constitute "the Crown".¹⁾ The Queen can do no wrong; the Ministers, on the other hand, are responsible to Parliament.

Every year on the third Tuesday in September the session of the States General is ceremoniously opened by Her Majesty the Queen. In the Speech

¹⁾ The constitution only mentions the King and His Ministers.

from the Throne which is then made, the Government announces its projects for the coming sessional year. This solemn meeting of the joint Chambers, under the chairmanship of the President of the First Chamber, is held at The Hague in the "Ridderzaal" (Knights' Hall), which forms part of the historical "Binnenhof", built in 1250 under the auspices of Count William II of Holland.¹⁾

Apart from controlling the policy of the Government, legislation is the principal task of the two Chambers (States General), which task they perform — in accordance with Article 112 of the Constitution — in co-operation with the Queen. (At the end of this Chapter an illustrated survey will be found of how a Bill is introduced and becomes law.)

The Council of State (Raad van State) is not only consulted on the subject of Bills and Orders in Council but it also has to be heard on administrative controversies, the decision of which rests with the Crown. Moreover, it must be consulted when the King has decided to withhold His assent from by-laws of the Provincial States or to nullify decrees of the Provincial States, the Deputed States or the municipalities. It may also be asked for advice by the Crown on all matters of common or special interest. Finally, it has the authority to make recommendations to the Crown concerning matters of legislation or administration.

The Judiciary in the Netherlands is independent. The highest judicial body is the Supreme Court of Justice (High Court of Cassation); its principal task is to ensure proper application of the law and, in particular, to compare sentences of lower judges with the law. The Supreme Court has the authority to cancel these sentences when

the law has been violated or misapplied;

formalities which are prescribed on penalty of nullity have been neglected; a lower judge has transgressed his cognizance.

The Supreme Court also passes sentence in the first instance and the last resort, when Ministers, Members of the States General or other high-placed persons have committed misfeasances.

Lower judicial bodies are: 5 Courts of Appeal (Gerechtshoven), 19 District Courts (Arrondissementrechtbanken) and 62 Cantonal Courts (Kanton-gerechten).

The Netherlands consists of eleven provinces. The administrative organs are the Provincial States, the Deputed States and the Governors of the Provinces. The Provincial States — directly elected, as is the Second Chamber, on a basis of proportional representation — form as it were the

¹⁾ The Hague ('s-Gravenhage), the seat of government, has in the course of centuries grown up around these buildings. In the Netherlands the seat of government and the capital of the country are not identical, Amsterdam being the Capital of the Netherlands.

Parliament of the Provinces. From its members each elects the Deputed States to act as Executive Committee of the Province. The Governor is the representative of the Crown in the Province and is appointed, as well as discharged, by the Crown. By virtue of the Constitution, the Provincial States have the right to take their own decisions on measures in the interest of the Province.

The municipalities (about one thousand in number) — each governed by a Burgomaster (also appointed by the Crown), assisted by Aldermen (chosen from and by the Council) and the Council elected by the local inhabitants — have the right to make local by-laws.

The constitutional basis outlined above has withstood with signal success the latest storm in the relations between the nations and has thereby furnished convincing proof that it is firmly anchored in our national consciousness. This does not mean, however, that with regard to the basis as a whole no changes or adjustments were considered desirable or soon presented themselves. The dynamic development in the national and international sphere during the last decade has sufficiently emphasized the necessity for such changes and a Government Commission appointed for the purpose has already taken in hand a complete revision of the Constitution.

2. NEW POLITICAL RELATIONSHIPS

In the national sphere the rapid political development in the Overseas Territories in and after World War II created the need for new political relationships with the Netherlands. These relationships served not only to meet Indonesia's aspirations for a new political structure, but at the same time to afford possibilities for a provisional construction of the new forms of government in the territories in the Western Hemisphere.

And the conferment of legal status upon the changing nature of the relations between the territories named in the first article of the existing Constitution — the Netherlands, the Netherlands East Indies, Surinam and Curaçao — in itself already made a partial revision of this constitution inevitable. Hereby, in accordance with the principle of voluntary agreement on democratic lines, the colonial relationship in each territory was commuted into a new one founded on the principles of equality of status.

The successive post-war Netherlands Cabinets to that end pursued a policy in keeping with the guiding principles indicated by H.M. Queen Wilhelmina in Her speech of 7th December, 1942, and in this way an endeavour was made to bring about a new political structure which would be based on the three concepts: freedom, equality and unity.

The Netherlands-Indonesian Union

Founded on these tenets, the idea was conceived of a Netherlands-Indonesian Union, which first found expression in the Linggadjati agreement. After reorganization of the Kingdom this Union was to embrace on the one hand Indonesia and on the other the Kingdom of the Netherlands, consisting of the Netherlands, Surinam and the Netherlands Antilles. Pending this reorganization, the Union has so far only been established between the Netherlands and Indonesia.

The recognition of the independence of the Republic of the United States of Indonesia (Republik Indonesia Serikat) was consummated on 27th December, 1949, in the transfer of the sovereignty out of the hands of Her Majesty Queen Juliana to the representative of the new independent state, His Excellency the Prime Minister, Mohammed Hatta. The newly-established relationship between the two equal partners was laid down in the Union Statute which confirmed Her Majesty Queen Juliana and Her legal successors as Head of the Union and which also instituted a number of bodies to promote the common interests in accordance with the objects of the Union.

The development and the application of this Union structure have not, however, wholly fulfilled in practice the expectations which were first entertained. The cause lay partly in the internal development of the young Indonesian state itself, where the process of consolidating legal authority and democratic institutions made only slow progress, partly as a result of the fundamental process of political reform which led to the proclamation of the unitary state: Republik Indonesia. This made it possible for the anti-Western tendencies — present there as everywhere in Asia — to bring to bear, almost without let or hindrance, their harmful influence on the climate in which the still tender Union plant was to grow. An additional difficulty was the fact that the problem of the future status of West New Guinea (Irian) remained unresolved, despite a conference of Ministers held for the purpose in December 1950.

This disappointing course of events with respect to the Union, however, did not stand in the way — and this may certainly be regarded as a ray of hope — of a more or less successful co-operation in the field of periodical ministerial conferences, as agreed in the Union Statute.

The first conference of this kind was held in Jakarta in the spring of 1950, during which the Netherlands undertook to furnish a credit of 200,000,000 guilders to cover Indonesian deficits in direct trade. The second meeting of ministers of the Union partnership, held in The Hague in November 1950, resulted in a Netherlands-Indonesian trade agreement.

This agreement, which is valid from 1st October, 1950, to 1st October 1951, provides for Netherlands exports to Indonesia to a value of 320,000,000 guilders and Netherlands imports of Indonesian products to a value of 435,000,000 guilders. At the same time agreement was reached as to the coupling of Indonesia to the European Payments Union via an account to be kept for the purpose by the Netherlands Bank. Finally, the Indonesians promised to take measures to regularize the position of Netherlanders working with the Indonesian Government as advisers. The integrity of the Netherlands enterprises operating in Indonesia was guaranteed — with due observance of Indonesia's own national interests.

It will be evident from these results that there are certainly possibilities for close co-operation between the Netherlands and Indonesia, although the realization of this co-operation will continue to demand great care.

The West-Indian Parts of the Realm

On the new basis, which also underlies the relationship with Indonesia, and proceeding from the same principles, a provisional arrangement was brought about with respect to Surinam and the Netherlands Antilles — pending the definitive status, which will allot a place to these parts of the Realm within the structure of the Kingdom. At a Round Table Conference in March 1948 the above principles were described as follows:

FREEDOM, i.e. independence in the country's own internal affairs and the voluntary acceptance of co-operation and the furtherance of common interests.

EQUALITY, i.e. fitting co-determination in all matters of common interest on the basis of full partnership, as well as the guaranteed existence of a proper political, economic, social and cultural order on a democratic basis in each of the countries of the United Kingdom of the Netherlands.

UNITY, i.e. the joint constitutional partnership under Her Majesty Queen Juliana and Her lawful successors to the Crown of the Netherlands and the obligation to further jointly the common interests and to grant reciprocal aid and assistance.

Although this new status has not yet attained its definitive form, there has been an important development in the right direction, for the relationship with Surinam and the Netherlands Antilles has been amended in such a way that these parts of the Realm have obtained almost complete autonomy, as a result of which the ultimate responsibility for the settlement of internal affairs has been transferred to their own Governments, in Paramaribo and Willemstad, respectively. To enable them, as partners in the Kingdom which is to be transformed, to undertake their new and consid-

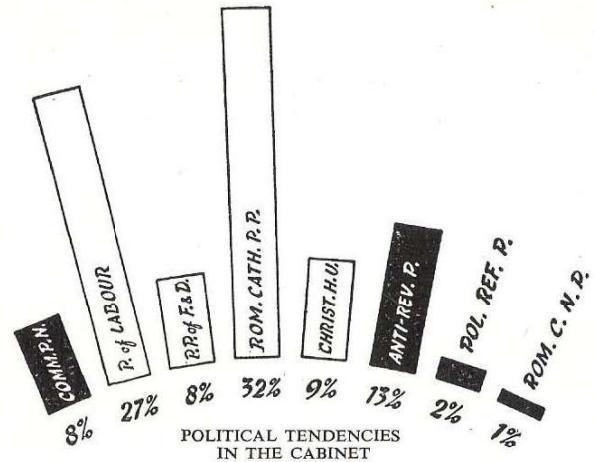
erably extended task a Government Council has been instituted for each of these parts of the Realm. This body, together with the Governor, constitutes the Government of which the Governor, as representative of the Crown, is the Head.

In addition to this the Governor acts as the instrument of the Kingdom, in which capacity he is exclusively granted powers with respect to the interests of the Kingdom. It is only for his activities connected therewith that he still has to observe the instructions of the King.

The Governor is inviolable with regard to the conduct of affairs by the Government and his position vis-a-vis the members of the Government Council is therefore similar to the relationship existing in the Netherlands between the King and His ministers. The Government Council has far-reaching powers in internal affairs, in respect of which it is accountable to the representative body: the States. In the drafting of the new political structure the necessary attention was also devoted to the States, which resulted in revisions with respect to the composition of that body, as well as an extension of the franchise. This body now consists of 21 members in Surinam and 22 members in the Netherlands Antilles, all elected directly and in accordance with the principle of universal suffrage (for men as well as women). It has, *inter alia*, its own budgetary powers and is competent to contract loans independently, unless such loans are placed outside the relevant part of the Realm.

Finally, with the object of enabling the West Indian parts of the Realm to put forward their interests in matters which equally concern the Netherlands, they were empowered to appoint General Representatives in the Netherlands.

In order to give real effect to this greater independence of the West Indian parts of the Realm — as now laid down constitutionally — an effort was made from the outset to attain material uplift. To this end, the Netherlands Government instituted a Welfare Fund of 45,000,000 guilders for Surinam and with the aid of this Fund extensive plans for the development of the natural wealth of the country are already being carried into effect. As a welcome contribution a grant of 1,500,000 dollars has been received from the E.C.A. and further discussions are in progress to provide additional aid.



3. THE POLITICAL PARTIES

ONE of the methods by which the National-Socialist party in the Netherlands fought democracy was by starting the argument that our country had fifty-three political parties. This distorted presentation of facts, though in itself demagogic, contained a shred of truth. The obtaining electoral law, based — as we have already pointed out — on a system of proportional representation, made it a simple matter to enter a list of candidates for the parliamentary elections. Whoever succeeded in obtaining twenty-five signatures of voters and was able to deposit a security could do so. As a result, a number of people and groups acted in this way and a voting paper containing fifty-three lists of candidates was presented for the election. But it by no means followed that each list represented a separate political party. An alteration in the electoral law, however, put a stop to this situation as far back as 1937.

Now how many political parties did our country have before the war? From a parliamentary-democratic point of view the best way to answer this question is to restrict oneself to the number of parties represented in the States General. It is hard to describe as a political party an organization so small that it cannot return one member to parliament.

In the States General were represented: the Roman Catholic State Party, the Social-Democratic Labour Party, the Free Democratic League, the Liberal State Party, the Communist Party Holland, the Christian Democratic

Union, the Anti-Revolutionary Party, the Christian Historical Union, the Political Reformed Party and the National-Socialist Movement, a total of ten parties.

The political conceptions Right and Left fundamentally refer either to a difference in principle on social-economic issues or adherence to a religious philosophy.

Historical development in this country had marked the dividing line between these conceptions according to the latter. The struggle for the legal equalization of public and denominational education caused the great inter-denominational parties (Roman Catholic State Party, Anti-Revolutionary Party and Christian Historical Union) to join hands. This led to the so-called coalition which formed the government for more than one period. The non-confessional parties, which had no common ties, formed the opposition.

But opinions on social-economic issues were strongly divergent also among the interdenominational parties and as the century proceeded social development, especially in this field, raised ever greater problems, which were also reflected in the coalition, whose strength weakened as the problems within its ranks caused greater divergencies.

This in its turn produced a period when no majority could be found in the States General to form a government and this task was taken over by extra-parliamentary cabinets. Under the stress of impending war, however, another fundamental change in the political development occurred in 1939. A national cabinet on a broad basis was founded, in which for the first time in the history of parliament the greatest party of the left, the Social Democratic Labour Party, shared in the Government.

From 1940 onward

During the war years there grew up, as a reaction to the past and to the hard conditions under which the nation was living, a tendency towards greater unity and fewer parties. People became more conscious of the fact that post-war problems required the greatest possible solidarity if they were to be solved; this made it seem necessary to fuse those parties whose aims and fundamental ideas were most closely allied. At the same time, it was thought, this procedure would greatly promote healthy democratic relations. As a result several centres were founded after the liberation, all of which aimed at concentration in the former party-political groups, which meanwhile had all arisen from their war graves, at least as far as they had not succeeded in carrying on underground activities during the occupation.

Efforts were made by the evangelical protestant groups to found one single political party on a religious basis. Members of the Anti-Revolution-

ary Party, the Christian Historical Union and the Christian-Democratic Union took soundings in order to find out whether and if so, what possibilities there might be to realise this aim. It appeared, however, that among the ranks of the Christian Historical Union objections were raised against a fusion with the Anti-Revolutionary Party. But the general spiritual change manifested itself in other directions as well, resulting in the foundation of the Netherlands People's Movement, which aimed at joining those forces which believed in a spiritual rebirth nourished on the living sources of Christianity and Humanism. This movement saw the union of forces mainly as the result of a thoroughly realized concentration of the old political parties. It succeeded in bringing about a consultation between the Roman Catholic State Party, the Social Democratic Labour Party, the Free Democratic League and the Christian Democratic Union.

The Roman Catholic State Party soon withdrew from the discussions. This party was replaced by the "Christofoor Group", which consisted of opponents of a revival of the Roman Catholic State Party, even though the latter had changed its name to Roman Catholic People's Party and opened its ranks to non-Catholics. Furthermore from the ranks of the Christian Historical Union, the Van Walsum Group had come to the fore; it put national development and concentration before the intended co-operation with the Anti-Revolutionary Party. As a result of the consultations held and the decisions taken later on at the congress of the parties concerned, the first concentration was formally effected; the Social Democratic Labour Party, the Free Democratic League and the Christian Democratic Union in their entirety joined the Party of Labour now to be founded. It was moreover strengthened by the adherents of the Van Walsum Group, a part of the "Christofoor" Group and a number of hitherto non-party people. Though the rejection of religious principals as a political platform undoubtedly gave a certain impetus to the realization of this concentration, it clearly appears from its constitution that its origin was mainly due to social-economic motives, the first among which was the principle of planned economy. The latter also determined the limits of the concentration and coordinated those parties and groups which, though they also could not accept church doctrine as a factor in the domain of practical politics, yet strongly objected to the principle of planned economy.

A reaction set in. The Union of Young Liberals made it their aim to concentrate those forces which rejected planned economy on principle. Under its auspices discussions were organized, in which the Liberal State Party, the Free Democrats of the opposition and non-party people took part. The result was the foundation of the Party of Freedom, which in the construction of society put individual freedom first and foremost and accepted

restrictions only in so far as they were inevitable in the public interest.

In reviewing the results of these efforts towards concentration it is seen that in a social-economic respect only a partial regrouping was reached. The result was too unimportant to give a new meaning to the conceptions of Right and Left; new in the sense that the left side should be formed by those parties whose leading principle implied the necessity of social planning, whereas the right side should consist of the parties who rejected this necessity. Owing to the fact that the former coalition parties remained, all possibilities theoretically remained open and the efforts for a sharper separation along social-economic lines must be regarded as a failure. Moreover, the concentration of the Party of Labour lost its hold in 1947 when a group of dissatisfied members under the leadership of Dr P. J. J. Oud — the former chairman of the Free Democratic League, which joined the Party in 1946 — withdrew and opened discussions with representatives of the undenominational right-wing Party of Freedom. As a result of these discussions the foundation of one new joint party, called the "People's Party for Freedom and Democracy", took place on the 24th of January 1948.

In addition to the controversy "free or planned economy", there was also the problem of the attitude towards Indonesia, the solution of which caused some division among the political parties. This controversy came to the fore within the Roman Catholic People's Party, as was shown by Welter and his group, who broke away as they could no longer support their party's Indonesian policy and founded a new party, the R.C. National Party. To give some idea of the chances for future political development, it will be useful to outline a systematic survey of the political parties in connection with their social-economic standpoints.

SOCIAL-ECONOMIC POLICY OF THE PARTIES

ROMAN CATHOLIC PEOPLE'S PARTY

Nationalization, Planned Economy, and Government Industrial Organization

In exceptional cases, where socialization or nationalization of property is considered a general interest, measures are to be taken accordingly. Wider distribution of private property should be promoted, among other things by spreading the ownership of the machinery of production. The Government should be diligent in developing its plans for granting powers to industrial organizations to make legally binding regulations, without having them degenerate into State organizations. Under the leadership of the

Government the various groups of co-operators in the production process should be represented in these organizations. Representatives of the workers as well as of producers of capital should be given equal powers of decision, also in economic matters.

Welfare policy

In every branch of industry wages should be adequate for the workers to provide a reasonable existence for themselves and their families, large or small. Basic wages have to be settled, which should be revised if the need arises. At the same time a share in the profits of the enterprise should be allowed to the worker over and above the fixed wages.

Unemployment

The Government will have to devote constant attention to the expansion and maintenance of employment.

Under the present circumstances this implies that the Government should direct the development of the supply of labour. Only when all indirect means have been exhausted should the Government create direct labour opportunities for workers outside the production process, without relapsing, however, into the former system of providing work.

Social insurance

Improvement and extension of social insurance together with, as far as possible, unification and coordination while retaining individual responsibility; the introduction of satisfactory out-of-work pay and pension arrangements.

PARTY OF LABOUR

Nationalization, etc.

The party desires planned control of production and distribution, the leading principle being service to the community.

In those branches of material provision which do not or have not yet come under consideration for socialization or nationalization, the party strives for restriction of the private powers of disposal, the common interest of all those employed in industry and of the consumers being of paramount importance. Protection of the interests of consumers. Special protection and development of healthy smaller industries within the framework of a general welfare policy.

Unemployment

The creation of employment for all suitable men and women.

Social insurance

Introduction of an all-embracing system of social insurance for the whole nation, and an adequate old-age pension.

ANTI-REVOLUTIONARY PARTY

Nationalization, etc.

It rejects

- a. socialization and nationalization which means a gradual abolition of private ownership of the soil and of the means of production,
- b. planned economy, where it means permanent Government-controlled economy,
- c. industrial organization seen as an exclusive Government organization which serves as an extension of its administrative organs.

Industrial organization as a result of co-operation between free employers' and free workers' organizations should be promoted.

Welfare policy

In so far as it appears possible for the Government by its policy to prevent or to mitigate the effects of disturbances in economic life, without exercising control of social-economic life itself, such a policy should be promoted and supported.

Unemployment

Government activities as well as those of social forces should aim at the prevention of unemployment. A further adjustment of the right of dismissal may contribute towards this.

In cases where unemployment is inevitable, the financial consequences for the workers will call for appropriate measures and the creation of reserve funds for each branch of industry, and a legal adjustment of unemployment insurance.

Social insurance

Revision of sickness and old-age insurance in order to obtain improved benefits. A legal settlement of old-age pensions for the small self-supporting individual. Retirement pension allowances arranged and administered by industrial organizations.

CHRISTIAN HISTORICAL UNION

Nationalization, etc.

In judging and regulating the social-economic relations in society the Government should take care that the personal responsibility of man is accorded full justice, while at the same time the individual character of the organic bonds of society are respected.

With respect to the regulation of social relations, the legislative authority should at all times take into account the expansion of social and economic life.

In this, the equality of rights of all, irrespective of their economic condition, should predominate.

Employment and unemployment

It is the duty of the Government to help everyone, as far as is in its power, to secure a means of existence.

PEOPLE'S PARTY FOR FREEDOM AND DEMOCRACY

Nationalization, etc.

Socialization or nationalization is rejected as leading to a position of power resulting in the subjection of all spheres of life to a constraint which undermines the freedom of the spirit and the constitutional state.

Monopolies should be opposed in order to guarantee industrial freedom as well as the liberty of the small tradesman and to safeguard the security of the State. The organization of industrial life should be the result of co-operation between free organizations of employers and employees.

Welfare policy

The State should promote the organization of society in such a way that every member can find employment at an income which enables him to provide a living for himself and his family, and also permits him to save.

Extension of private property among the masses of the population should be aimed at, among other things, by sharing in the profits of the enterprise.

Unemployment

Strong measures to prevent and combat unemployment. Readjustment of social insurance, also against unemployment, to be effected with the co-operation of the insured workers.

Social insurance

Improvement of old-age and disability provisions and extension of social insurance to the minor self-supporting classes.

Social insurance generally must be simplified and unified, in which private initiative should take the lead. The State should only amplify provisions if and in so far as society itself is not capable of making adequate arrangements.

A basic provision is absolutely necessary in the matter of social insurance, such as old-age pensions and disability benefits.

COMMUNIST PARTY NETHERLANDS

Nationalization, etc.

Strict and planned Government control of industrial life.

Nationalization of banks, mines, key harbour works, large shipping companies and airlines, the iron and steel industry and the shipyards, the Philips works, the textile industry, the Unilever and other monopolistic concerns, as well as insurance companies, savings- and loan-banks.

Organization of industrial life on the following basis: rejection of capitalistic dictatorship, co-partnership in management by the workers, settlement of wages and labour conditions by collective labour contracts concluded in free enterprise between workers' and employers' organizations, and no controlling authority for organs not directly or indirectly responsible to the people's representatives.

Welfare and unemployment

Not treated in the programme; for the rest see under Nationalization.

Social insurance

Introduction of old-age pensions for everybody on a non-contributory basis. General social insurance for the whole people, including independent farmers and the minor self-supporting classes, with a just distribution of charges among the insured, the enterprises and the State.

POLITICAL REFORMED PARTY

Nationalization, etc.

Interference by the State should never suppress private initiative. The Government should keep as much as possible in the background.

Social welfare

The Government should safeguard the rights of labour in the interests of the employer as well as of the employee. Relations between employer and worker should be according to the rules of the Word of God.

ROMAN CATHOLIC NATIONAL PARTY

Nationalization, etc.

Drastic relaxation of Government control of industrial life and free development of private enterprise.

Social welfare

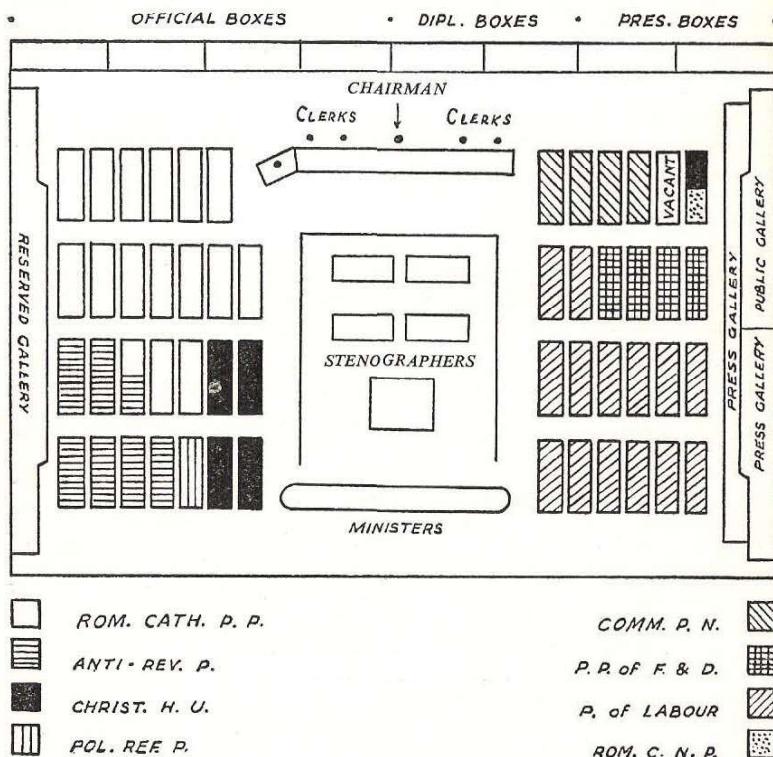
Convinced of the urge of a progressive social policy, the party will promote the realization of a social programme and social measures, the extent of which will in principle only be restricted by the need of a healthy financial system.

DISTRIBUTION OF SEATS

In conclusion, the following is the distribution of seats in the States General as a result of the 1948 elections:

	Second Chamber	Senate
Roman Catholic People's Party	32	16
Party of Labour	27	14
Anti-Revolutionary Party	13	7
Christian Historical Union	9	6
People's Party for Freedom and Democracy	8	4
Communist Party Netherlands	8	3
Political Reformed Party	2	—
Roman Catholic National Party	1	—
	100	50

PLAN OF THE SESSION HALL OF THE
SECOND CHAMBER



THE CABINET

MINISTERS

Willem Drees, Prime Minister and General Affairs (P. of Labour).
 Franciscus C. J. M. Teulings, Vice Prime Minister and Minister without portfolio (Rom. Cath. P.P.).
 Dirk U. Stikker, Foreign Affairs (P.P. for Freedom and Democracy).
 Hendrik Mulderije, Justice (Christ. H.U.).
 Johan H. van Maarseveen, Home Affairs (Rom. Cath. P.P.).
 Franciscus J. Th. Rutten, Education, Arts and Science (Rom. Cath. P.P.).
 Pieter Lief tinck, Finance (P. of Labour).
 Cornelis Staf, War and Navy (Christ. H.U.).
 Joris in 't Veld, Reconstruction and Housing (P. of Labour).
 Hendrik H. Wemmers, Transport and Public Works (Non-party).
 Johannes R. M. van den Brink, Economic Affairs (Rom. Cath. P.P.).
 Augustinus H. M. Albregts, Minister without portfolio, especially charged with promoting higher production and productivity (Rom. Cath. P.P.).
 Sicco L. Mansholt, Agriculture, Fisheries and Supplies (P. of Labour).
 Adolf M. Joekes, Social Affairs and Public Health (P. of Labour).
 Leonard A. H. Peters, Union and the Overseas parts of the Realm (Rom. Cath. P.P.)

STATE SECRETARIES

Nicolaas S. Blom, Foreign Affairs (non-party).
 Jozef Cals, Education, Arts and Science (Rom. Cath. P.P.).
 Rear Admiral Henricus C. W. Moorman, Navy and War (non-party).
 Lubbertus Götzen, Union and the Overseas parts of the Realm (non party).
 Ferdinand J. Kranenburg, War (P. of Labour).
 Pieter Muntendam, Social Affairs (P. of Labour).
 Arie A. van Rhijn, Social Affairs (P. of Labour).

4. ELECTION FIGURES SINCE 1918
SECOND CHAMBER

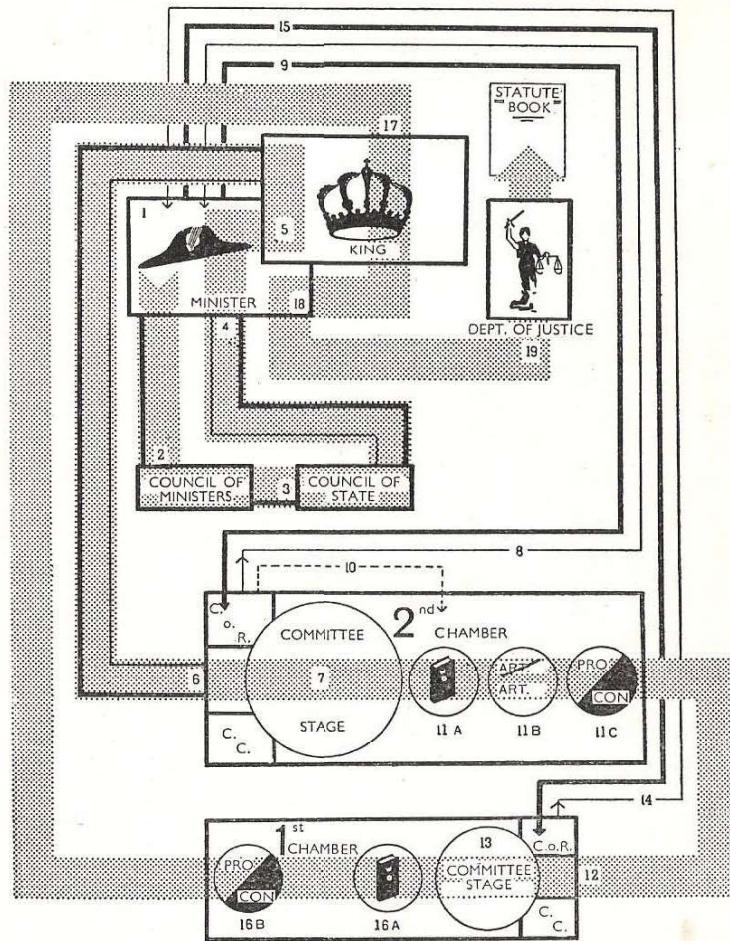
Parties	1918	1922	1925	1929	1933	1937	1946	1948
Anti-Revolutionaire Partij . . .	13	16	13	12	14	17	13	13
Anti-Revolutionary Party . . .								
Christelijk Historische Unie . . .	7	11	11	11	10	8	8	9
Christian Historical Union . . .								
Katholieke Volkspartij	30	32	30	30	28	31	32	32
Catholic People's Party								
Liberale Staatspartij (Partij v. d. Vrijheid, Volkspartij voor Vrijheid en Democratie)								
Liberal Party (Party of Freedom, People's Party for Freedom and Democracy),	10	11	9	9	7	4	6	8
Communistische Partij Nederland . . .	3	2	1	2	4	3	10	8
Communist Party Netherlands . . .								
Nationaal Socialistische Beweging . . .	—	—	—	—	4	4	—	—
National Socialist Movement . . .								
Vrijzinnig Democratische Bond . . .	5	5	7	7	6	6	29 ¹⁾	27
Free Democratic League								
Sociaal Democratische Arbeiders-partij (Partij van de Arbeid) . . .	22	20	24	24	22	23	—	—
Socialist Democratic Labour . . .								
Other Parties	10	3	5	6	9	4	2	3

¹⁾ The Party of Labour originated from the Socialist Democratic Labour Party, the Free Democratic League and the Christian Democratic Union, which in 1937 had obtained 23, 6 and 2 seats respectively.

Entitled to vote for the Second Chamber Elections on July 1948 : 5,444,785 persons.

ELECTIONS FOR THE SECOND CHAMBER IN 1946 AND 1948 AND FOR THE PROVINCIAL STATES IN 1946 AND 1950

Parties	Votes				Percentages			
	II Ch. 17-5-46	II Ch. 7-7-48	Prov. St. 29-5-46	Prov. St. 26-4-50	II Ch. 17-5-46	II Ch. 7-7-48	Prov. St. 29-5-46	Prov. St. 26-4-50
Katholieke Volkspartij Roman Catholic People's Party	1,466,582	1,531,326	1,468,847	1,529,483	30.8	31.0	31.4	31.6
Partij van de Arbeid Party of Labour	1,347,940	1,263,366	1,206,267	1,243,654	28.3	25.6	25.8	25.7
Anti-Revolutionaire Partij Anti-Revolutionary Party . . .	614,201	651,717	590,870	599,038	12.9	13.2	12.6	12.4
Christelijk Historische Unie Christian Historical Union . . .	373,217	453,211	452,803	507,176	7.8	9.2	9.7	10.5
Volkspartij voor Vrijheid en Democratie People's Party for Freedom and Democracy	305,287	391,982	297,524	411,936	6.4	7.9	6.4	8.5
Communistische Partij Nederland Communist Party Netherlands . . .	502,963	381,953	533,096	329,365	10.6	7.7	11.4	6.8
Other parties	150,521	260,180	124,722	233,684	3.2	5.4	2.7	4.5



EXPLANATORY MEMORANDUM ROYAL MESSAGE
 ADVICE OF THE COUNC. OF STATE
 C. o. R. = Committee of "Rapporteurs"
 ART. = Clause-by-clause discussions

EXPLANATION

1. (*) The Minister concerned sends the Bill and an "Explanatory Memorandum" (Memorie van Toelichting) to the "Council of Ministers" (Ministerraad). Important Bills are often prepared by a "Committee of Experts" (Commissie van Deskundigen).
2. The Bill is dealt with by the Council of Ministers.
3. After authorization by the Queen, advice is sought from the "Council of State" (Raad van State), an advisory body whose Vice-President and members are appointed by the Crown.
4. The Bill, together with the advice of the Council of State, is sent to the Minister concerned.
5. The Bill is sent to the Queen. A "Royal Message" (Koninklijke Boodschap), signed by the Queen, is then added.
6. The Bill is sent to the "Second Chamber of the States General" (Tweede Kamer der Staten-Generaal), together with the Royal Message and the Explanatory Memorandum.
7. The Bill is dealt with by the Second Chamber in non-public committees. Therefore three times a year the Second Chamber divides itself into five committees, each of which elects a so-called "Rapporteur". After the Bill has been dealt with by the five committees a "Committee of Rapporteurs" (Commissie van Rapporteurs) draws up a "Provisional Report" (Voorlopig Verslag). The Chairmen of the five Chamber committees together form the "Central Committee" (Centrale Afdeling), a kind of Agenda Committee for the five committees.
8. The Provisional Report is sent to the Minister concerned and is published.
9. In answer to the Provisional Report the Minister sends a "Memorandum in Reply" (Memorie van Antwoord), which is published, to the Committee of Rapporteurs. If necessary, a "Note of Modifications" (Nota van Wijzigingen) is added.
10. The Committee of Rapporteurs sends a "Final Report" (Eindverslag) to the Second Chamber. [Occasionally preliminary investigation is carried on in some other way: by a Preparatory Committee (Commissie van Voorbereiding) for complicated Bills, a Budget Committee, Permanent Committees (Vaste Commissies), Special Committees (Bijzondere Commissies).]
11. Public discussions:
 - a. General discussions on the Bill's nature and purport. Debate between the Members of the Second Chamber and the Minister and/or the "State Secretary" (Staatssecretaris) concerned. The Chairman of the Second Chamber has the right to decide in advance how long each Member will be allowed to speak.
 - b. The Bill is then discussed clause by clause. The Second Chamber (contrary to the First Chamber (Eerste Kamer) has the right to move amendments. These must, however, be introduced or supported by at least five Members.
 - c. Final vote. (When a Bill is passed it is sent on to the First Chamber. If it is not passed it is sent back to the Queen.)
12. The Bill is dealt with by the First Chamber also in non-public committees.
13. Preliminary investigation is carried on in the same way as by the Second Chamber.
14. The Provisional Report is sent to the Minister concerned and is published.
15. In answer to the Provisional Report the Minister concerned sends a "Memorandum in Reply" (Memorie van Antwoord), which is published, to the Committee of Rapporteurs.
16. Public discussions:
 - a. General discussions on the Bill's nature and purport. Debate between the Members of the First Chamber and the Minister and/or the "State Secretary" (Staatssecretaris) concerned. Only when the Budget is to be discussed has the Chairman of the First Chamber the right to decide in advance how long each Member will be allowed to speak.
 - b. Final vote.
17. The Bill receives the Royal Assent.
18. The Minister concerned countersigns the Act of Parliament. (The Minister is responsible.)
19. The Minister of Justice (Minister van Justitie) promulgates the Act by causing it to be published in the "Statute Book" (Staatsblad). Unless other arrangements have been decided on, the Act becomes operative on the twentieth day after publication. From that day onward every citizen is supposed to know the Act.

(*) The numbering used in the explanation refers to that used in the table on the preceding page.

II. OUR ECONOMIC LIFE

1. ON THE ROAD TO RECOVERY

A country which, like the Netherlands, is poor in raw materials and densely populated, has to maintain close contacts with foreign countries, particularly in the field of trade and services, if it is to sustain its welfare. In this respect it is dependent to a high degree on the international economic situation. To what extent the Netherlands national economy differed from that of other powers prior to World War II, owing to its pronounced international trend, will be evident, *inter alia*, from the following figures showing the value of the total of imports and exports in 1929 expressed in gold dollars per head of the population.

The Netherlands	244
Belgium	231
Great Britain	195
France	103
Germany	99
U.S.A.	78

This dependence on foreign countries increased still more after World War II, as a result of various factors, which manifested themselves both in the national and international spheres. National, in the first place, because of the need to repair the damage suffered in the War. At the time of liberation 40 per cent. of the productive capacity had been lost. 86 complete factories and more than 28,000 machines had been transported away to Germany. In all 228,620 hectares of tillable soil had been inundated, representing 9.7 per cent. of the total cultivable area. Of 2,200,000 dwellings 92,000 had been destroyed during the War. In the traffic sector the situation was no less serious. On 31st August, 1945, one-third of the pre-war number of passenger cars was in service; not quite ten per cent. of the omnibuses and about half of the motor trucks were available. In May 1945 the total length of railway track was less than 40 per cent. of that in operation on 31st December, 1938.

This could not but create great difficulties for the balance of payments, for while the repair of the damage necessitated high imports on the one hand, there was no question on the other hand of normal exports, particularly in view of the low level of production in industry. The ratio between exports and imports under these circumstances remained considerably below the pre-war figure. In 1946 the percentage of cover was 31 as compared with 72 in 1938.

The difficulties which this imposed on the balance of payments were aggravated still further by international factors, as a result of the unfavourable influence of structural changes in consequence of a revised relationship with foreign countries.

For instance, developments in the political and economic spheres in South-East Asia and the creation of new relationships with Indonesia caused a decline in the revenue previously obtained by the Netherlands from the three-cornered trade, that is to say in the net foreign exchange income predominantly accruing to the Netherlands from the sale of tropical products, in which the Netherlands played an intermediary role.

As a result of all this the Netherlands were compelled to resort both to taking up foreign credits and to liquidating partially Netherlands assets abroad, to enable her to finance her essential imports. This, of course, led in turn to a further upsetting of the equilibrium of the balance of payments, owing to the higher payments of interest the Netherlands had to make to foreign countries, as well as a reduction of the income from investments.

To offset the consequences of these developments for the future, an optimum national effort was essential aiming equally at the expansion of production and increased exports, as well as at fostering the exchange of services.

It was clear from the outset that the national effort required for this purpose was impossible with the resources available. But as the Netherlands was not the only country affected in this way, the problem attracted international attention, which — on the initiative of the then Secretary of State of the United States, Marshall, culminated in 1947 in the European Recovery Program. Thanks to this plan, it was possible to maintain the rate of repairing the damage, while allowing a reasonable level of consumption of the population. Moreover the problem of extending the machinery of production was tackled, one which was necessary, as stated, not only to offset the results of the structural changes in international economic relationships, but also to ensure a reasonable standard of living for the rapidly growing population.

Growth of the Population

	Total	Increase
1920	6 865 314	
1930	7 935 565	1 070 251
1938	8 728 569	793 004
1945	9 305 301	566 735
1949	10 025 679	721 378

The favourable results achieved during the years 1946—1950 in respect of this rise in production, essential for the reasons outlined above, are clearly illustrated in the following tables showing industrial and agrarian production.

Index figures for industrial production

(1938 = 100)

4th quarter 1945	58
Year 1946	74
Year 1947	94
Year 1948	114
Year 1949	126
1st Quarter 1950	132
2nd Quarter 1950	131
3rd Quarter 1950	148
4th Quarter 1950	150

Index figures for agrarian production

	1948	1949	1950
(1931 to 1940 = 100)			
Grain	87	119	102
Sugar beet	116	181	167
(1938 = 100)			
Milk	84	101	107
Butter	73	86	96
Cheese	85	114	113
Cattle	84	92	99
Pigs	57	84	121

As will be seen, however, from the following table of the Netherlands national economy, these results were still inadequate to ensure the necessary equilibrium between production on the one hand and consumption and investments on the other.

*Resources of the Netherlands Economy and their application
(in 1,000,000,000 guilders)*

	1946	1947	1948	1949	1950
National production at market prices	9,93	12,07	14,23	15,90	17,60
Consumption	10,25	12,27	13,44	13,70	15,60
National Savings	—0,32	—0,20	0,79	2,20	2,60
Net Investments	0,83	1,45	1,94	3,50	2,50
Deficit	—1,15	—1,65	—1,15	—0,90	—0,90

These figures show that in the course of four years the nominal national income has risen by upwards of 75 per cent.; the increase in 1950 was almost 10 per cent. Consumption rose in the same four-year period by 45 per cent. As a result, whereas in 1946 and 1947 consumption exceeded production, and national savings were therefore negative, the years 1948 to 1950 inclusive showed increasing savings, which amounted in 1950 to upwards of 17 per cent. of the national revenue. These savings, however, continued to be inadequate to enable the simultaneously rapidly rising investments to be covered out of the country's own resources. Each of the post-war years revealed a financial deficit, which had to be covered out of loans, or gifts from other countries, or liquidation of foreign assets.

It need hardly be said that as a result of this development with regard to the equilibrium between resources and expenditure, it has been impossible up to 1950 to close the gap in the balance of payments out of the country's own resources, although a favourable development could be observed with respect to the successive deficits on the current account.

*Deficit in the balance of payments
(in 1,000,000 guilders)*

1947	1566
1948	957
1949	253

If this process had continued, although there would still have been many difficulties to overcome, it might have been assumed with a reasonable degree of certainty that the Netherlands would have largely covered the deficit on the balance of payments, that is to say that the country could have continued to stabilize its welfare at as high a level as possible towards the end of the Marshall period, *out of its own resources*.

The growing international tension, however, particularly after the middle of 1950, drastically changed for the worse the conditions for such a gradual improvement in the economic position of the Netherlands.

2. THE CONSEQUENCES OF AGGRESSION

In the first place the preparations for re-armament which the Western countries were compelled to undertake as a result of the aggression in Korea have led to a greatly increased demand for a number of raw materials. This growing demand is caused partly by strategic stockpiling partly by the great increase in certain branches of production. The result of this considerably expanded demand was a steep rise in the prices of war materials on the world's markets. The Netherlands therefore has to pay considerably higher prices for the raw materials to be imported, but the prices of Netherlands export products did not rise by a proportionate amount. As this country is highly dependent on foreign countries for supplies of raw materials and equally dependent on them as markets for her products, this development caused a serious deterioration in the basis of exchange. By the end of 1950 this basis of exchange had, it is estimated, become almost 15 % more unfavourable than in the years 1947 and 1948. The far-reaching effect of this on the Netherlands economy will be clear if it is borne in mind that such a deterioration means that for the same value of imported goods, 15 per cent. more export commodities have to be supplied than a few years ago. In the balance of payments figures for 1950 this deterioration is to some extent reflected in a rise in the deficit of 253,000,000 guilders in 1949 to 1,106,000,000 guilders in 1950. Only to a certain extent, however, for account should be taken of the fact that the figures of the 1949 balance of payments had given a very favourable picture owing to a happy concomitance of circumstances. The opportunities for marketing Netherlands agrarian products in Western Europe in 1949, owing to the weather, which caused production in those countries to fall considerably below the normal level, were much better than usual, with the result that the percentage of cover provided by exports as compared with imports almost attained the pre-war level of 72 percent.

*The Netherlands balance of payments for 1949 and 1950
(in millions of guilders)*

Debitside	1950	1949	Creditside	1950	1949
Export of goods . .	4 658	3 431	Import of goods . .	6 731	4 610
Exchange of services	1 524	1 235	Exchange of services	720	524
Coupons, dividends and other capital revenue	380	447	Coupons, dividends and other capital revenue	217	232
Deficit current . . .	1 106	253			
Total	7 668	5 366	Total	7 668	5 366

3. THE PRICE OF FREEDOM

In addition to the deterioration in the basis of exchange, which has a disintegrating effect on the balance of payments, the development of the present economic position is subject to the repercussions of the internal effects of the changed international situation. For the fact that the Netherlands has to contribute her share towards increasing the military preparedness of the free world plays an equally important role in the economic sphere. The principal measures in the military field include lengthening of the period of national service to eighteen months, the formation of five divisions, instead of three, as originally provided for, an expansion of the Air Force, as well as the accomplishment of the task entrusted to the Royal Netherlands Navy, in co-operation with the naval forces of the Atlantic allies.

In connection with all these plans, the Netherlands Government has decided to appropriate a total amount of 6,000,000,000 guilders in the next four years, which means the expenditure of an additional 2,000,000,000 guilders over a four-year period, or 500,000,000 guilders per year now being spent on defence.

These two circumstances, the reduction in the international value of Netherlands products, coupled with the necessity in the coming years to raise and maintain the level of defence, is confronting the national economy with new and almost unpredictable problems. Instead of the prospect of having on broad lines a restored equilibrium in the near future, a situation has arisen in which an extra burden — which may be estimated roughly at 1,000,000,000 to 1,500,000,000 guilders per year — is being laid on the shoulders of the people of the Netherlands. This burden has created — inter

alia — the necessity of lowering the level of investments and consumption, so as to escape the acute danger of inflation. In the Government's declaration of policy made by the Drees Cabinet on its debut in March 1951, it was stated that the Government, the Provinces, the Municipalities and the semi-public institutions will have to take the lead, in the interests of the national economy, in bringing about a reduction of *public* investments.

Private investments will come indirectly under the pressure of a proposed increase in taxation. Scarcity of capital, as a result of a proposed supervision of credit, will also compel careful selection of investments and an economical use of capital. In doing so, however, an endeavour will be made to ensure that the future of the nation is not jeopardized. The provision of housing and the industrialization means will continue to be centralized — both in order to meet the requirements of the Netherlands people and to provide opportunities of employment for the growing army of workers.

Besides the restriction of investments, the Netherlands will have to accept a restriction of consumption, to which — *inter alia* — taxation on luxury commodities, non-adaptation of consumer subsidies to the enhanced prices and the avoidance of a wage and price spiral will have to contribute their share.

Before anything else, however, the aim to achieve a national increase in production will have to remain continuously in the foreground; the importance attached to this, also by the Government, is demonstrated by the inclusion in the Cabinet of a Minister without portfolio, whose special task is to increase productivity. It will depend — *inter alia* — largely on this increase to what extent the burden imposed by re-armament will have to be recovered from the level of consumption.

As even an extremely great increase in productivity cannot, however, be wholly adequate (to be so it would have to rise by 10 per cent. in the immediate future), the Netherlands people are being asked:

to have the courage to face realities,

to be prepared to accept the consequences of the present situation

and to show the wisdom to keep within the available resources in building up its future.

Even then, although it may be confidently expected that the Netherlands people will do its utmost, the future remains uncertain. The Netherlands is sailing in a fog, because its future development depends largely on factors outside the direct sphere of the Netherlands as a national unit. And this increased dependence of the Netherlands, which is characteristic of the post-war period, illustrates the necessity of the Netherlands continuing to play an important role in the efforts being made by the Western countries to achieve close co-operation.

III. THE NETHERLANDS AND INTERNATIONAL CO-OPERATION

If it has been demonstrated in the previous chapter to what extent the Netherlands is in these days dependent on the success of international co-operation, numerous factors, including the geographical location of the country and its in many ways restricted possibilities, have for centuries made the Netherlands people aware of the extent of its dependence on foreign countries. They have thus made the Netherlands people acquire a pronounced international orientation, which may be regarded as co-determinative for its general attitude to the international co-operation now envisaged and also substantially achieved.

This unconditional willingness of the Netherlands people was clearly demonstrated in the recent past, when after the end of World War II it unhesitatingly gave its wholehearted support in efforts to make safe the great asset of regained freedom by co-operation in the great community of nations. And when for the Netherlands, just as for the rest of the World, the true position with respect to this ideal for the future only produced disappointments, as — contrary to the optimistic expectations with regard to the continuance of the friendship which had grown among the great powers in the common struggle — a constantly deepening divergence of views began to manifest itself between East and West, the Netherlands was again one of the first to help to build up the necessary strong position of the West by means of the closest possible co-operation.

It must on no account be concluded from this, however, that the Netherlands people is only prepared to give co-operation, but that the element of courage required to take the initiative would be lacking in such co-operation. On the contrary! This is proved most clearly by the fact that as long ago as 5th September, 1944, the then Netherlands Government and the Governments of Belgium and Luxembourg decided to conclude a Customs agreement, which aimed at abolishing the customs barriers between them and to fix a joint tariff *vis-à-vis* other countries. This agreement is still held up as an example of courage and foresight, while the results achieved so far may also serve as an example of what can be attained by international co-operation.

1. BENELUX

Although initially the ambitions of the three Governments did not therefore go beyond restricted economic co-operation, it was decided in

April, 1946, to rechristen the administrative council, provided for in article 5 of the Customs agreement, the council of an economic union. In March, 1947, the text of the initial Customs agreement was clarified and elucidated and since that time the realization of an economic union is the objective which the co-operation of the three countries is pursuing. Since 1st January, 1948, this objective has already to some extent assumed a concrete form, for on that date the joint tariff vis-à-vis other countries already envisaged in London became effective and the customs duties between the individual Benelux countries were abolished. This is an unparalleled event in the recent history of Europe.

During a Benelux Conference held in The Hague in March, 1949, it was decided to have the envisaged complete economic union take effect on 1st July, 1950, while it was likewise agreed to have this union preceded by a so-called "Preliminary Union". This Preliminary Union came into operation in October 1949 after a Conference of Ministers in Luxembourg. Since then endeavours have been made gradually to extend as far as possible the list of goods originally drawn up in respect of which import restrictions were to be lifted altogether, so that by the appointed day, i.e. 1st July, 1950, all trading would be free. This has, in fact, led to a far-reaching liberalization of trade between the three countries. It has not been sufficient, however, to enable the complete economic union to be established as from 1st July, 1950, so that it was resolved to extend till further notice the period of the Preliminary Union.

2. THE WESTERN UNION

In the meantime post-war developments in international relations — and particularly the steady expansion of the Soviet Russian sphere of influence in Eastern Europe — had made it clear to the countries of Western Europe that for their own preservation as democratic states, close co-operation, not only in the political and economic spheres, but also in the military field, was a *conditio sine qua non*. The increasing sense of military weakness imposed the urgent need for creating a guarantee for greater security. To meet this requirement, the United Kingdom and France, who had already signed the treaty of Dunkirk in 1947 against any fresh German aggression, concluded the Brussels Treaty on 17th March, 1948, with the three Benelux countries.

Although this treaty aimed primarily at giving Western Europe's collective military preparedness a sound basis and subsequently to raise it to the highest possible pitch, the object was by no means a military alliance alone. In cultural and social matters, too, the five countries sought closer links,

while it is laid down in the first article of the treaty that the contracting countries shall so organize and co-ordinate their economic activities that the optimum results will be obtained in the interests of all. The military co-operation is accentuated in the provision that if one of the signatories becomes the object of armed aggression in Europe, the other parties to the extent of their capacity will have to grant all military and other assistance, dependent, of course, on obligations consequent upon their signing the Charter of the United Nations.

3. THE ATLANTIC PACT

It was clear from the outset, however, that the "Brussels Five", if the need ever arose, would never be able to defend Western Europe without the support of the United States, so powerful economically and industrially, and of Canada, so rich in raw materials. An endeavour was therefore made to extend the co-operation achieved within the framework of Western Union and these efforts were crowned on 4th April, 1949, by the signature of the North Atlantic Security Pact by the Foreign Ministers of the United States, Canada, the United Kingdom, France, Belgium, the Netherlands, Luxembourg, Norway, Iceland, Portugal and Italy. This signature, however, was still only a first step. But considerable progress already being made in fulfilling the next task, putting into practice the plans on paper, thanks to the agreement meanwhile reached at the successive conferences of the North Atlantic Council, the highest organ, in respect of the formation of an integrated Atlantic Force under the centralized Supreme Command of General Eisenhower.

This extension of the Western military co-operation may be regarded as a symbol of the slowly crystallizing nature of Western co-operation as a whole. While once the ideas of Benelux and the Western Union were predominant, the West, driven by necessity, is beginning to think and act more and more in the sphere of an Atlantic community.

4. THE INTEGRATION OF WESTERN EUROPE

On the other hand it must on no account be concluded from the foregoing that as a result of the above development the idea of arriving at closer bonds within the more restricted area of Western Europe has become unimportant, or even less important. On the contrary, the envisaged integration of Western Europe is not only a question of self-preservation for the countries lying in this part of the world, but it is also an imperative condition for the success of the idea of the all-embracing larger com-

munity. And the necessity which forced upon them the awareness of the possibility of a larger, Atlantic community, at the same time compelled the West-European countries to adjust their efforts at integration more directly to practical considerations.

For instance, under the influence of this development the activities of the Organization for European Economic Co-operation were gradually directed more towards the accomplishment of the envisaged economic integration of Western Europe. One of the first important results of these activities is the gradual freeing of inter-European trade and commerce, a result which is due to no inconsiderable extent to the active role played by the Chairman of O.E.E.C., the Netherlands Minister for Foreign Affairs, Dirk U. Stikker. To further the realization of this liberalization, it was decided in the middle of 1950 to institute a body which, under the name of the European Payments Union, concerns itself with the settlement of the outstanding balances of the participating countries and with granting, within certain limits, credit facilities to countries which have to contend with a deficit in their balance of payments.

Although the activities of the O.E.E.C. and the E.P.U. have not yet, of course, led to a final solution of Western Europe's financial and commercial problems, its usefulness is sufficiently demonstrated by the provisional solution of the difficulties in respect of trade with Western Germany, which was rendered possible by their efforts.

The signing of the Schuman Plan on 18th April, 1951, by the Foreign Ministers of Belgium, Germany, France, Luxemburg, Italy and the Netherlands, is to be regarded as a step of no less importance towards the integration of Western Europe. This treaty relates to the establishment of a European pool for coal and steel by the abolition by the six participating countries of all obstacles in the way of the interchange of these commodities over the national frontiers. Tariffs will cease to exist, as well as quantitative restrictions. In this way an ideal will be attained for these commodities such as that constantly pursued by the Netherlands with respect to economic traffic as a whole. Thus, although the Plan has not yet been ratified in the highest instance, its economic significance with regard to the unification of the European market for these two very important raw materials for industry, is completely obvious. But as the Netherlands Minister for Foreign Affairs, Dirk U. Stikker, observed, its importance is by no means confined to the economic field. "The establishment of a European pool for coal and steel represents an important milestone on the road to Franco-German reconciliation. Untold suffering has been the result of the conflicts between these two countries. The Schuman Plan opens a completely new perspective for co-operation. Together with the other participating countries, bonds of

common interest will in future link these two countries. All of us who were present at the signing of the Schuman Plan are filled with the hope and expectation that the treaty relating to the establishment of the European pool for coal and steel will mark the beginning of a happier period of close economic and political co-operation in Europe." In this connection it may be mentioned that the effectuation of the Schuman Plan and the method followed in bringing it about, have already had an inspiring effect on the desire to create similar European co-operation in the field of transport and agriculture.

5. A G R E A T T A S K

Owing to the results achieved at this level and the objectives still to be attained, the effort at a lower level, referred to above, to bring about a complete economic union between Belgium, the Netherlands and Luxemburg has gained in importance, thanks to the experience obtained in pursuing this aim, for the difficulties arising originate mainly from the fact that the economies of the three countries concerned are not complementary, as such. This circumstance also presents itself in the whole West-European community. So if attempts are made to achieve total Western European economic unity, the lessons learnt in the setup of the Benelux will undoubtedly prove their usefulness in overcoming the difficulties which will inevitably arise.

By the collective effort called for in overcoming such difficulties, moreover, the sense of solidarity of the countries of Western Europe and of the Atlantic community as a whole will be increased, apart from the fact that if the deliberations fail, the threat would arise of an economic crisis in one or more of the countries constituting this pool. Realizing this, the countries of Western Europe will pool their efforts in promoting the integration aimed at, while the West as a whole will continue to do its utmost to make the idea of an Atlantic community grow into an actual and unassailable reality. Conscious of the essential values at stake, the Netherlands people, which has so often showed the courage to take the initiative and willing as ever to give positive co-operation, will — together with its allies — continue to devote itself to the accomplishment of this great task. It will keep before it always the thoughts expressed by H.M. Queen Juliana during Her official visit to the British capital in November 1950, when speaking in the Guildhall. She formulated these thoughts as follows:

"We are forcibly driven to unity in this era. Regardless of what the forces are which do this, we must observe the fact that this is the line along which human society is developing. The future will be entirely dominated

by this unification process, and we watch this with awe. This movement is so grand that it makes us feel as tiny as when watching the night sky overhead, full of stars, in its unknown immensity.

We feel the divine magnitude of the course of history in its many eras, and it makes us understand the signs in the time. In that attitude of the mind we would abhor to remain only spectators, and we feel it a privilege to throw away what is hampering us, and go ahead, and take part in the movement, feel each member of the team that will cooperate and mould the world as it should be. It is a privilege to live to-day and to-morrow.

I do not believe in considering the future with gloom. Great possibilities are at our right and left hand, and especially in front of us. We must use them wisely, and wisely means: with our eyes open, our hearts supple, our mind alert—just being open to any possibility coming along that can further the brotherhood of men."

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